



XTO Energy Inc.
810 Houston Street
Fort Worth, Texas 76102-6298
(817) 870-2800
(817) 885-1806 Fax

March 13, 2015

Chevron USA, Inc.
P.O. Box 2100
Houston, TX 77252
Attn: Aaron Neilsen

RE: XTO – Goldenchild 6 State 1H
E/2E/2 of Section 6-25S-29E
E/2SE/4 of Section 31-24S-29E
Eddy County, New Mexico

Dear Working Interest Owner:

XTO Energy Inc. hereby proposes the drilling of an approximate 10,025' TVD and 18,000' TMD well to test the Wolfcamp formation at a surface location of 200' FSL and 760' FEL of Section 6, T25S-R29E and a bottom hole location of 2,440' FSL and 660' FEL of Section 31, T24S-29E, Eddy County, New Mexico. The proposed proration unit for this well is the E/2E/2 of Section 6, T25S-29E and E/2SE/4 of Section 31, T24S-29E, Eddy County, Mexico. A preliminary plat is included for your review.

The approximate cost to drill this test is \$3,685,000.00 with a completion cost of \$7,593,000.00 as evidenced on the enclosed Authority for Expenditure (AFE). Should you wish to participate with your interest, please sign the enclosed AFE and return to the undersigned.

Also enclosed for your review and execution is an A.A.P.L. Form 610-1989 Model Form Operation Agreement covering this acreage. Please return one executed signature page to the JOA and Exhibit H evidencing your participation.

Should you have any questions regarding this matter, I can be contacted at (817) 885-2746 or via email at angie_repka@xtoenergy.com.

Sincerely,

Angie Repka, CPL
Division Landman

Encl.

**BEFORE THE OIL CONVERSION
DIVISION**
Santa Fe, New Mexico
Exhibit No. 3
Submitted by: XTO Energy Inc.
Hearing Date: June 11, 2015



XTO ENERGY INC.
AUTHORITY FOR EXPENDITURE

AFE NO.: 1500986	DISTRICT: PERMIAN BASIN
AFE DESC: D&C IN WOLFCAMP A	FIELD: WILLOW LAKE
DATE: 02/05/2015	ACCOUNTING ID: 507135
AFE TYPE: DEVELOPMENT DRILLING	WELL NAME: GOLDENCHILD 6 STATE 01H
OPERATOR: 81 - XTO ENERGY INC.	STATE/COUNTY: New Mexico / Eddy
SURVEY/ABSTRACT:	XTO WI DECIMAL: 0.999900000

DETAIL OF EXPENDITURES	DRYHOLE	COMPLETION	SUPPLEMENT	TOTAL
FRAC FLUID/SW DISPOSAL	0.00	30,000.00	0.00	30,000.00
COMPL WATER TRANSFER SERVICE	0.00	40,000.00	0.00	40,000.00
TOTAL:		70,000.00		70,000.00
Drilling/Rig Move	1,115,000.00	0.00	0.00	1,115,000.00
Completion Unit	0.00	50,000.00	0.00	50,000.00
Surf/Int Csg Crew/Laydown Service	75,000.00	0.00	0.00	75,000.00
Directional Tools/Services	220,000.00	0.00	0.00	220,000.00
Roads & Location	175,000.00	5,000.00	0.00	180,000.00
Mud/Chemicals	269,000.00	0.00	0.00	269,000.00
Well Logging: Open Hole	25,000.00	0.00	0.00	25,000.00
Surf/Int Cement & Related Services	140,000.00	0.00	0.00	140,000.00
BITS, MILLS, REAMERS	86,000.00	0.00	0.00	86,000.00
DRLG RENTALS: SUB-SURFACE	151,000.00	0.00	0.00	151,000.00
DRLG RENTALS: SURFACE	161,000.00	0.00	0.00	161,000.00
RIG FUEL, POWER & WATER	215,000.00	0.00	0.00	215,000.00
CASED HOLE LOGGING/PERF	0.00	15,000.00	0.00	15,000.00
STIMULATION & PUMPING SERVICES	0.00	2,000,000.00	0.00	2,000,000.00
DRILLING SUPERVISION	151,000.00	0.00	0.00	151,000.00
MUD LOGGER	52,000.00	0.00	0.00	52,000.00
MISC SUPPLIES	32,000.00	0.00	0.00	32,000.00
COMMISSION/LEGAL	18,000.00	0.00	0.00	18,000.00
DRILLING OVERHEAD	11,000.00	0.00	0.00	11,000.00
DRLG TRUCKING & HOT SHOT	32,000.00	0.00	0.00	32,000.00
FLUID HAUL/SOLID CONTROL	258,000.00	20,000.00	0.00	278,000.00
FLOWBACK	0.00	150,000.00	0.00	150,000.00
FRAC TANKS/FLUID HAULING	0.00	200,000.00	0.00	200,000.00
PROD CSG CEMENT & RELATED SERVICE	0.00	100,000.00	0.00	100,000.00
DISTRICT TOOL - SUBSURFACE	0.00	20,000.00	0.00	20,000.00
PROD CSG CREW/LAYDOWN SERVICE	0.00	30,000.00	0.00	30,000.00
CMPL RENTALS: SUB-SURFACE	0.00	10,000.00	0.00	10,000.00
Cmpl Rentals: Surface	0.00	45,000.00	0.00	45,000.00
Cmpl Engr/Supervision	0.00	15,000.00	0.00	15,000.00
Intang. Cmpl Contingencies	0.00	20,000.00	0.00	20,000.00
Cmpl Misc Labor	0.00	10,000.00	0.00	10,000.00
Misc Labor/Welding	32,000.00	0.00	0.00	32,000.00
Cmpl Fluid/Chem/Transp	0.00	241,000.00	0.00	241,000.00
Completion Bits, Scrapers, and Mills	0.00	25,000.00	0.00	25,000.00
Frac Pit	0.00	50,000.00	0.00	50,000.00
WIP-INTAN. DEVLPMT COSTS TOTAL:	3,218,000.00	3,006,000.00		6,224,000.00



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SURVEY/ABSTRACT:	XTO WI DECIMAL: 0.999900000

DETAIL OF EXPENDITURES	DRYHOLE	COMPLETION	SUPPLEMENT	TOTAL
Conductor Pipe / Caisson	30,000.00	0.00	0.00	30,000.00
Tubing	0.00	70,000.00	0.00	70,000.00
Wellhead Equipment	30,000.00	10,000.00	0.00	40,000.00
Tank Batteries	0.00	30,000.00	0.00	30,000.00
Lease & Flow Lines	0.00	9,000.00	0.00	9,000.00
Sep, Dehy, Treaters, Heat Exch, and Scrubbers	0.00	7,000.00	0.00	7,000.00
Packer & Sub-surface Equip	0.00	300,000.00	0.00	300,000.00
Sub-surface Pump, Rods, & Acces	0.00	170,000.00	0.00	170,000.00
Surface Casing	32,000.00	0.00	0.00	32,000.00
Intermediate Casing	375,000.00	0.00	0.00	375,000.00
Production / Liner Casing	0.00	227,000.00	0.00	227,000.00
Tubing Head / X-mas Tree	0.00	9,000.00	0.00	9,000.00
WIP-Lease & Well Equip. TOTAL:	467,000.00	832,000.00		1,299,000.00

TOTAL THIS AFE:	3,685,000.00	3,908,000.00	7,593,000.00
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*** This AFE is an estimate only. By returning one signed copy, you agree to pay your share of the actual costs incurred. ***

REMARKS: D&C A HORIZONTAL WELLBORE IN THE WOLFCAMP A SHALE INTERVAL. TARGET DEPTH IS 10,025' TVD WITH A MD OF 18,000', LATERAL LENGTH IS +/- 7,000'. COMPLETION WILL BE VIA CEMENTED PRODUCTION SLEEVES AND FRACTURE STIMULATION. THE WELL WILL BE DRILLED ON A DAYWORK CONTRACT.

Prepared By: <u>STEPHANIE RABADUE</u>	Non Operator Approval DATE _____ COMPANY _____ BY _____ TITLE _____
Approved By: <u>KENDAL DECKER</u>	
Signature: _____	